

PART 5317--SPECIAL CONTRACTING METHODS

PART 5317--SPECIAL CONTRACTING METHODS

TABLE OF CONTENTS

<u>Title</u>	<u>Paragraph</u>	<u>Page</u>
SUBPART 5317.1--MULTIYEAR CONTRACTING		
Policy	5317.102	17-1
General.....	5317.102-2	17-1
Procedures.....	5317.103	17-1
General.....	5317.103-1	17-1
Reporting requirements.....	5317.103-1(b)(v)	17-1
SUBPART 5317.2--OPTIONS		
Solicitations.....	5317.203	17-1
Contracts.....	5317.204	17-1
Exercise of options.....	5317.207	17-1
SUBPART 5317.5--INTERAGENCY ACQUISITIONS UNDER THE ECONOMY ACT		
General.....	5317.502	17-2
SUBPART 5317.74--UNDEFINITIZED CONTRACT ACTIONS		
Exceptions	5317.7402	17-2
Policy	5317.7403	17-2
Limitations.....	5317.7404	17-2
Authorization	5317.7404-1	17-2
Definitization schedule	5317.7404-3	17-3
Limitation on expenditures	5317.7404-4	17-3
Allowable profit.....	5317.7404-6	17-3
Reporting undefinitized contract actions	5317.7404-90	17-3
SUBPART 5317.75--ACQUISITION OF REPLENISHMENT PARTS		
General.....	5317.7501	17-3
SUBPART 5317.76--CONTRACTS WITH REQUIREMENTS FOR PROVISIONED ITEMS		
Contractual requirements.....	5317.7602	17-3
Contract administration requirements.....	5317.7603	17-3
Negotiating and executing supplemental agreements.....	5317.7603-3	17-3
Deobligation of excess provisioning funds.....	5317.7603-90	17-3
SUBPART 5317.90--ESTABLISHING ADDITIONAL MANUFACTURING SOURCES		
Option to establish a second manufacturing source.....	5317.9000	17-3

PART 5317--SPECIAL CONTRACTING METHODS

SUBPART 5317.1—MULTIYEAR CONTRACTING**5317.102 Policy.**

5317.102-2 General. Before entering into any multiyear contract, the contracting officer shall review current congressional language for potential restrictions. SAF/AQCS is available to provide advice in this area.

5317.103 Procedures.**5317.103-1 General.**

(1) A written determination by the Assistant Secretary of the Air Force for Acquisition is required for—

(i) Any multiyear contract over \$500 million for systems; and

(ii) Any multiyear contract for property for which the cancellation ceiling is estimated to exceed \$100 million.

(2) The HCA, with power of redelegation, may make written determinations for multiyear contracts with a face value under \$500 million for property when the cancellation ceiling is under \$100 million.

(3) Forward requests for Secretarial determinations to SAF/AQCS.

(b)(v) Reporting requirements.

(A) The contracting officer shall transmit reports of intent to award a multiyear contract containing a cancellation ceiling in excess of \$100 million to the Office of the Secretary of the Air Force/Legislative Liaison (SAF/LLP), to arrive 40 days before the planned contract award date, with an information copy to SAF/AQCS and SAF/FMBI. SAF/AQCS shall notify OSD(C)(Investment Directorate).

(B) SAF Notification. The contracting officer shall submit reports on proposed multiyear contracts containing a cancellation ceiling in excess of \$20 million, but not exceeding \$100 million, to SAF/AQCS and SAF/FMBI, to arrive not less than 40 days before the planned contract award date.

(C) Award. Unless the contracting officer is notified to the contrary, the contract may be awarded, subject to other required approvals and notifications, after close of the applicable waiting period described in paragraphs (A) and

(B) above.

(D) Report format. The contracting officer shall use the report format specified in 5305.303-91(a) with the appropriate modifications and additions that apply to multiyear contracting as follows:

(1) State the face value for total multiyear period and, separately, the value of any options; and

(2) Include the estimated cancellation ceilings for each program year of the proposed contract and the estimated savings over annual procurement methods.

SUBPART 5317.2--OPTIONS

5317.203 Solicitations. When options are used in service contracts, use separate contract line items for the basic and each option period. Normally, obtain priced options for two one-year periods.

5317.204 Contracts.

(e) The chief of the contracting office making the award may approve total contract periods in excess of 5 years on a case-by-case basis. This authority shall not be delegated.

(1) Situations in which contract periods in excess of 5 years may be appropriate include contracts with phase-in or phase-out requirements. A contract period in excess of 5 years may also be appropriate where the requirement is known, stable, and recurring and the price and availability in the commercial market place is relatively certain to be stable during the period of the contract.

(2) All approvals shall be made prior to solicitation and shall be included in the contract file. Documentation shall specify why a period longer than 5 years was needed or appropriate, what cost/price and performance risks are associated with the longer period, and how the contract has been structured to mitigate those risks to the contractor and the Government.

5317.207 Exercise of options.

(a) When the contractor has been notified of the Air Force's intent to exercise an option, a presolicitation notice shall not be placed in the Commerce Business Daily.

(c) Before exercising an option, the contracting officer shall

PART 5317--SPECIAL CONTRACTING METHODS

determine if the contractor's performance is satisfactory.

(d)(2) The following factors should be considered in the informal analysis of prices and the market:

- (i) The fact that the option price was part of the initial award;
- (ii) The relationship of the option price to the price for the initial contract period;
- (iii) The adequacy of competition at time of initial award as compared to that at the time of the option period;
- (iv) Changes in the general economy that could affect cost of performance;
- (v) Informal survey of other contracting activities as to any substantive changes in bid prices for similar services at their activities; and
- (vi) Potential saving in administrative costs by exercising the option as compared to the administrative cost of awarding a new contract.
- (vii) The contracting officer shall also make a determination of contractor responsibility before exercising the option (see FAR 9.103).

SUBPART 5317.5 INTERAGENCY ACQUISITIONS UNDER THE ECONOMY ACT

5317.502 General. See AFR 800-2 for Air Force policy and procedures for use of interagency agreements.

SUBPART 5317.74--UNDEFINITIZED CONTRACT ACTIONS

5317.7402 Exceptions. Treat undefinitized change orders and UCAs for foreign military sales as UCAs in every respect, except for:

- (i) Undefinitized change orders and FMS UCAs, obligations may exceed 75 percent of the NTE; and
- (ii) FMS UCAs, reporting under AFFARS 5317.7404-90 is not required.

5317.7403 Policy. UCA approval authorities shall control the use of UCAs and ensure timely definitization.

5317.7404 Limitations.

5317.7404-1 Authorization. Each issuance of a UCA

requires approval at a level above the contracting officer. The level of approval shall be consistent with the total estimated dollar value of the action.

(1) UCA approval authorities are designated as follows:

(i) Program Executive Officers (PEOs) for assigned programs (see 5302.101). PEOs may redelegate the authority to approve the issuance of UCAs up to \$5,000,000 to the program director. For AFMC, the System Program Director (SPD) may redelegate this authority no lower than the Development Support Manager (DSM) or the System Support Manager (SSM), as appropriate.

(ii) DACs for Major Programs not assigned to a PEO and for Other Programs. The authority to approve the issuance of UCAs up to \$5,000,000 is redelegable. For AFMC, this authority may be redelegated to the SPD who may redelegate no lower than the DSM or SSM.

(iii) Commanders of major commands, FOAs, and DRUs identified in DFARS 202.1 and AFFARS 5301.601-91 for Other Contracting and for any programs not included under subparagraphs (i) or (ii) above. This authority is redelegable.

(2) Requirements impact statements shall:

(i) Specifically address the impact on mission requirements projected to occur during the time that would be required to issue a definitive contract action; and

(ii) Be signed by the official with responsibility for the requirement.

(3) UCAs for Provisioned Items Orders (PIOs) may be issued without additional approval, provided:

(i) The provisioning requirement was approved under the business clearance (see 5301.9006-3(a)(2)) or, for production contracts that are not subject to the clearance process, the acquisition plan or Final Acquisition Action Approval (FAAA); and

(ii) The total dollar value of provisioned items ordered does not exceed the estimated value of the provisioned line items approved under the business clearance, acquisition plan or FAAA.

(4) For AFMC PEO actions the Senior Center Official shall be afforded two calendar days to review/comment on all UCAs for Development/Production actions (see 5302.101) exceeding \$25,000,000 and UCAs for Support/Sustainment actions (see 5302.101) exceeding

PART 5317--SPECIAL CONTRACTING METHODS

\$15,000,000 prior to submission to the PEO. For AFMC DAC Actions, each approval request to issue an UCA of \$5,000,000 or more shall be coordinated with the Senior Center or Laboratory Contracting Official.

5317.7404-3 Definitization schedule. Each UCA shall contain a definitization schedule in the contract document. Before exceeding the definitization date, the contracting officer shall document in the contract file the reason(s) for the delay, remedial actions and the revised definitization schedule. This documentation requires approval at a level no lower than the initial approval authority.

5317.7404-4 Limitation on expenditures. Obligations exceeding 50 percent of the NTE must be approved at a level no lower than the initial approval authority and documented in the contract file. Obligations for UCAs shall never exceed 75 percent of the NTE.

5317.7404-6 Allowable profit. Perform profit assessments in accordance with DFARS 215.971-3(d)(2).

5317.7404-90 Reporting undefinitized contract actions. Each fiscal quarter, AFMC contracting offices shall report UCAs through HQ AFMC to SAF/AQCS, using RCS 8401, AFMC Undefinitized Contractual Action Report. Reports are due to SAF/AQCS within 45 days following the end of each reporting period. Other Air Force contracting offices are not required to report to SAF/AQC, but should accumulate the data for their own use.

SUBPART 5317.75--ACQUISITION OF REPLENISHMENT PARTS

5317.7501 General.

(a) HQ USAF/LGS is the Air Staff OPR for the "DOD Replenishment Parts Breakout Program," and HQ AFMC is responsible for implementation of the program.

(b) Surplus items shall be considered (see FAR 10.010).

(c) HQ AFMC/PK, in conjunction with the Command Competition Advocate, is responsible for implementing procedures for processing requests from sources seeking approval as a potential source for an item with a restrictive Acquisition Method Code (AMC).

SUBPART 5317.76--CONTRACTS WITH REQUIREMENTS FOR PROVISIONED ITEMS

5317.7602 Contractual requirements.

(1) The following provisioning procedures specifications

and statements are authorized for use in connection with production contracts that require provisioning actions. Ensure that the current versions are used--

(i) MIL-STD-1388-1, Logistics Support Analysis (LSA).

(ii) DoDI 5000.2, Part 7 and Air Force Supplement 1.

(iii) DD Form 1949-1, LSAR Data Selection Sheet. For use with the latest version of MIL-STD-1388-2.

(iv) DD Form 1949-2, Provisioning Requirements Statement. For use with the latest version of MIL-STD-1561.

(v) AFMC Form 718, Provisioning Performance Schedule. For use with the latest version of MIL-STD-1388.

(2) Applicable statements are prepared during the purchase request (PR) initiation/coordination cycle and are provided to the contracting officer with the PR for incorporation into the solicitation and the resulting contract.

5317.7603 Contract administration requirements.

5317.7603-3 Negotiating and executing supplemental agreements. See 5317.74 for policy and procedures pertaining to UCAs.

5317.7603-90 Deobligation of excess provisioning funds.

Air Force provisioning activities shall authorize the ACO to deobligate excess provisioning funds (see FAR 42.302(b)(4)). Such authorizations shall be in writing and shall identify the contract(s) involved and provide that--

(1) Deobligation will normally be done in the supplemental agreement that is the final definitization action on a provisioning order. However, when the final definitization will be delayed and excess funds are available, the ACO may make appropriate partial deobligations; and

(2) Funds to be deobligated will be separately identified by contract line item number, provisioning order number, and fund citation.

SUBPART 5317.90--ESTABLISHING ADDITIONAL MANUFACTURING SOURCES

5317.9000 Option to establish a second manufacturing source.

(a) In full-scale development and production solicitations

PART 5317--SPECIAL CONTRACTING METHODS

and contracts, contracting officers shall insert an option that gives the Government the right to require the contractor to establish a second source for any component parts that are expected to require quantity manufacturing. See DFARS Appendix D for policy and procedures concerning component breakout during production.

(b) The option shall be appropriately addressed in the statement of work, contract line items, special provisions, and source selection criteria. The solicitation shall specify whether not-to-exceed prices or firm prices for the option(s) are required.

(c) The solicitation shall specify or describe criteria for identifying the component parts for which a second source is desired (e.g., the "X" number of highest procurement value replenishment parts, or all parts having only one known qualified source, having sufficient stability of design to warrant qualification of an additional source, and requiring qualification to produce).

(d) The solicitation shall provide sufficient detail by which a contractor can develop realistic prices, as follows--

(1) Definition of what constitutes second source "qualification";

(2) Description of technical assistance to be provided to a second source;

(3) Payment procedures to be used during the various stages of qualifying a second source;

(4) Whether contracting officer approval is required before a contractor may include an affiliate in its list of recommended potential sources; and

(5) Whether the Government must pick one of the sources recommended by the contractor or may pick an entirely different source.

(e) The solicitation shall require the offeror to provide cost and pricing information so that the Government can determine if it is cost effective to establish a second source, such as--

(1) The part's name or title, and its applicable drawing number;

(2) The part's function and location in the system;

(3) The part's suitability for establishing another manu-

facturing source;

(4) Whether limited rights technical data or restricted rights computer software will be used in the manufacturing process;

(5) The names of proposed additional sources to be qualified; and

(6) The price to qualify at least one of these sources.